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ABSTRACT

Prominent among the new models of social service delivery are organizations providing comprehensive, community-based supports and services (CCBSS) to children and their families. A needs analysis explored CCBSS sites' interest in and readiness to use a software tool designed to help them make more effective internal resource allocation decisions and demonstrate the cost-effectiveness of comprehensive approaches to providing services to children and families. Based on data obtained from eight CCBSS sites in California, the analysis assessed three critical factors: (1) incentives for using such a system; (2) data inputs; and (3) information processing and staff capacity. The findings indicated that CCBSS sites perceived the need for and were interested in strengthening their cost accounting and decision support analysis capabilities. They anticipated growing demand for providing comprehensive, detailed outcome and service information as managed care and results-based budgeting become more prevalent. Computer information systems were found to be focused primarily on required accounting and billing functions. Information technology staff capacity was lean, not readily accessible to multi-agency sites, and likely not adequate for additional information processing tasks. Data from revenues, costs, services, and outcomes are necessary to perform the full range of analyses envisioned for the software. The analysis concluded that successful implementation of a cost account/decision support software system in the CCBSS environment will require building on existing incentives and capacity in the field and making new investments in information technology, data development, and staff capacity. (Author/KB)

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DEVELOPING COST ACCOUNTING AND DECISION SUPPORT SOFTWARE FOR COMPREHENSIVE COMMUNITY-BASED SUPPORT SYSTEMS

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An Analysis of Needs, Interest, and Readiness in the Field

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DEVELOPING COST ACCOUNTING AND DECISION SUPPORT SOFTWARE FOR COMPREHENSIVE COMMUNITY-BASED SUPPORT SYSTEMS

An Analysis of Needs, Interest, and Readiness in the Field

June 1998

By Robert Harrington
and Peter Jenkins
with Carolyn Marzke
and Carol Cohen

Prepared for
THE FINANCE PROJECT
1000 Vermont Avenue, NW
Washington, DC 20005
202-628-4200
Fax: 202-628-4205

THE FINANCE PROJECT

ABOUT THE AUTHORS

Robert Harrington is Senior Associate and Peter Jenkins is Senior Financial Executive and Senior Associate with Metis Associates, Inc. Carolyn Marzke is Senior Research Associate at Policy Studies Associates, Inc. Carol Cohen is Deputy Director of The Finance Project.

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PREFACE

Across the country, there is mounting evidence of efforts to reform and restructure education and other community supports and services in order to improve the lives and future prospects of children and their families. Critical to the success of these initiatives is the way in which they are financed. How revenues are generated and how funds are channeled to schools, human service agencies, and community development initiatives influence what programs and services are available. It determines how they are provided and who benefits from them. Financing also affects how state and local officials define investment and program priorities, and it creates incentives that guide how educators, other service providers, and community volunteers do their jobs. For these reasons, financing fundamentally affects how responsive programs and institutions are to the needs of the people and communities they are in business to serve.

In recent years, several blue ribbon commissions and national task forces have presented ambitious prescriptions for reforming and restructuring the nation's education, health, and human service systems in order to improve outcomes for children. While some have argued that public financing and related structural and administrative issues are critical to efforts to foster children's healthy development and school success, none has been framed for the specific purpose of inventively reconceptualizing public financing. Indeed, many of the most thorough and thoughtful reports have called for an overlay of new funds, but have neglected to provide cogent analyses of effective financing strategies, the costs of converting to these approaches, and the potential beneficial outcomes that might accrue from addressing financing reform as an integral aspect of program reform.

Against this backdrop, a consortium of national foundations established The Finance Project to improve the effectiveness, efficiency, and equity of public financing for education and an array of other community supports and services for children and their families. The Finance Project is conducting an ambitious agenda of policy research and development activities, as well as policymaker forums and public education. The aim is to increase knowledge and strengthen the capability of governments at all levels to implement strategies for generating and investing public resources that more closely match public priorities and more effectively support improved education and community systems.

The past several years have witnessed a burgeoning of experimental efforts by mayors and city managers, governors and state agency directors, legislators and council members, program managers and school officials to make government work better and more efficiently. They have been enhanced by the work of people outside of government, including foundation executives, business and labor leaders, community organizers, and academic scholars. Some are creating new ways to raise revenues, manage schools, deliver human services, and spur community economic development. Others are designing new public governance and budgeting systems. Still others are developing and testing new approaches to more directly involve citizens in setting public priorities and maintaining accountability for public expenditures. Taken together, these efforts suggest the nascent strands of new and improved public financing strategies.

Among the most promising of these efforts are comprehensive, community initiatives that have fundamentally reoriented supports and services by creating infrastructures that link resources from many parts of the community. Though widely varied in their form and content, these initiatives are based on several basic premises: 1) that children and families have multiple needs that are best met in a comprehensive, coordinated manner; 2) that family and neighborhood influences shape individual outcomes; and 3) that responsibility for the design and operation of public programs and services should reside at the neighborhood or community level.

Comprehensive, community-based support systems (CCBSS) have generated significant interest among policy makers, politicians, and public and private sector funders in recent years. Whether or not this interest will be sustained and whether successful initiatives will become models for more ambitious systemic reform depends to a large extent on their costs and benefits relative to more traditional categorical approaches to service delivery and community revitalization. If policymakers and program managers are to make informed decisions about the efficacy of CCBSS reforms and servicing strategies, they will need greatly enhanced managerial and analytic capacities. For example, political decision makers will be looking intently for evidence regarding how the costs and benefits of comprehensive approaches compare with more traditional service systems. Similarly, CCBSS program managers, under pressure to improve the efficiency and effectiveness of these initiatives, will need quality information systems to monitor resource flows and inform their resource allocation decisions.

Recognizing these needs, The Finance Project, in partnership with the Foundation Consortium of Sacramento, California, has undertaken the Cost Accounting and Decision Support Software Project. Its purpose is to evaluate the feasibility of developing software that would enable comprehensive, community-based support systems for children and families to meet the growing demand for evidence of the efficiency and cost-effectiveness of comprehensive approaches to providing services to children and families.

This report, *Developing Cost Accounting and Decision Support Software for Comprehensive, Community-based Support Systems: An Analysis of Needs, Interest, and Readiness in the Field,* represents a critical first step in building the conceptual and technical foundation for cost accounting and decision support analysis and assessing the feasibility of developing a cost accounting/decision support software system. Based on site visits to eight comprehensive, community-based initiatives, it defines the high-level technical and organizational requirements for implementing a cost accounting and decision support system, assesses current capacity for and interest in implementing such a system, and specifies critical issues that need to be addressed for the system to be useful and effective.

This report is the product of a collaboration among several individuals and organizations. Judy Chynoweth and Melissa Brown of the Foundation Consortium, and Cheryl Hayes of The Finance Project, have provided overall direction and guidance on the project. Carol Cohen of The Finance Project staff is managing the project on a day-to-day basis. The Finance Project contracted with Metis Associates, Inc. to provide technical support

on the project and with Carolyn Markzke of Policy Studies Associates to be a Technical Advisor to the project.

The report was principally prepared by Robert Harrington and Peter Jenkins of Metis Associates, Inc., based on their site visits to the CCBSS initiatives and related expertise. Carolyn Marzke and Carol Cohen provided substantial input on the organization and content of the report and contributed to the writing. Early drafts were sent to members of the Advisory Panel to the project, as well as to the directors of the eight CCBSS sites visited and other experts. Helpful comments were received from Lynn DeLapp, Naomi Siegel Soderstrom, and Todd Sosna. I am grateful to all of these individuals for their contributions to this report.

Cheryl D. Hayes
Executive Director

EXECUTIVE SUMMARY

Across the country communities are implementing new and innovative models of social service delivery. Prominent among these models are organizations that provide comprehensive, community-based supports and services to children and their families (CCBSS). These organizations aim to better address the multiple and often inter-related needs of children and families by providing an array of supports and services such as education, medical, mental health, and child welfare services.

The rationale for providing comprehensive, community-based services is clear and has received a fair amount of attention. What is not as clear or well-understood are the potential impacts of this model of service delivery on the costs of services, the relationships of these costs to client outcomes, and the ways that service providers can best manage resources when providing multiple services.

Identifying this information need, The Finance Project of Washington, D.C., with support from the Foundation Consortium for School-linked Services of Sacramento, California, has undertaken to evaluate the feasibility of developing software that would enable CCBSS to enhance their cost accounting and decision support capabilities. By integrating financial data with service and outcome data, cost accounting/decision support (CA/DS) software would help to answer many of the pressing questions faced by the providers of comprehensive services. Specifically, a CA/DS system could help CCBSS to:

- Demonstrate service and outcome cost-effectiveness to assist the sustainability of funding;
- Enhance service cost-efficiency;
- Demonstrate improvements in client outcomes; and
- Manage operations in a changing fiscal environment that includes new funding mechanisms such as capitated funding and results-based budgeting.

This Needs Analysis is a key component of the project, and included visits to eight sites providing comprehensive, community-based services. The Needs Analysis is intended to answer fundamental questions relevant to the feasibility of developing a cost accounting/decision support software system for CCBSS, specifically:

- What is the interest and readiness of the field to implement cost accounting/decision support software?
- What are the critical elements that need to be in place to implement the software? To what extent are these elements currently in place in CCBSS sites?
- What steps are needed to build interest, readiness, and capacity in the field?

Key Findings

CCBSS sites' organizational incentives to develop information, their information technology and processing capacity, and the availability of needed data are key to the successful

implementation of potential software. The summary findings in these three areas are described below.

In general, the findings contain some good news and identify some areas of concern regarding the overall feasibility of implementing cost accounting/decision support software in CCBSS environments. The good news is that the sites visited for this project perceive the need for and are interested in strengthening their cost accounting and decision support analysis capabilities. In addition, a basic foundation of information processing capacity and data exists upon which to build a more comprehensive CA/DS system. However, it is clear that significant investments in technology, staffing capacity, and data collection will be required for full implementation and utilization of such a system.

Organizational Incentives:

- Sites expressed interest in a number of the project's specific analytical goals and identified additional analytic questions for the software system to support.
- To a large extent, external reporting requirements and financial management needs related to sustainability determine the data collected and the level of information processing capacity.

Information Technology and Processing Capacity:

- Computer information systems are lean and focused primarily on required accounting and billing functions.
- Differences in the organizational structures of private community-based organizations and multi-agency governmental collaboratives affect capacity for collecting and managing the data. In multi-agency collaboratives, the systems are fragmented enough to pose a considerable challenge to site-level data integration.
- Information technology staff capacity is lean, not readily accessible to multi-agency sites, and likely not adequate for additional information processing tasks.

Data Collection:

- Data from each of four pools—revenues, costs, services, and outcomes—are necessary to perform the full range of analyses envisioned for the cost accounting/decision support software. A more limited range of analyses can be undertaken with data from one, two, or three of these sources.
- Revenue and cost data is reasonably complete and generally adequate to support basic cost accounting, although multi-agency collaboratives currently cannot fully isolate the costs of the collaborative site from other agency costs.
- Service data collection is limited and generally tied to billable services.
- Outcome data collection is a future goal, but currently is limited and primarily anecdotal.

Implications

The implications of the current situation for the project's software development and implementation strategy are, in brief:

- Initial software design and implementation efforts should build on existing incentives operating at the local level (and stimulate additional incentives where possible), by addressing the issues that interest users most and emphasizing the results that are possible in the absence of significant investments in additional data collection. Such efforts should target sites that are entering into newer, more challenging types of funding arrangements, who are likely to perceive more acutely in the short run the need for and potential benefits of such a system. In addition, the project should emphasize the potential of the system for helping to improve client services and outcomes, and take steps to demonstrate this potential to the funding community.

- Sites will have to build capacity for software implementation by investing in information processing infrastructure and staff. The degree of infrastructure investment required will greatly depend on a site's current technological situation. Staff capacity—including information processing staff size and training, site management ability, and system acceptance by line staff—also is critical to successful implementation. Building staff capacity and acceptance will require strategic planning and training that involves all stakeholders.

- Data development will be required to: 1) strengthen and reformat revenue and cost data, 2) increase service data collection, and 3) increase outcome data collection. In many sites, this may include implementing new data collection procedures and systems. Phased implementation of the system provides a realistic way for CCBSS sites to achieve some immediate benefits from cost accounting/decision support software while continuing to build capacity for fuller implementation. A site could first use available data (probably revenue, cost, and some service data), then expand collection of service data, and finally initiate or expand the collection of outcomes data.

This Needs Analysis confirms the growing need for usable information about the costs and benefits of CCBSS, and the desire of front-line CCBSS organizations to manage their resources most effectively for their clients' benefit. It also identifies the issues and obstacles that CCBSS would likely encounter in the implementation of a cost accounting/decision support system. Finally, it identifies strategies for the project and CCBSS sites to consider in their efforts to leverage the power of technology to help them accomplish their service missions and improve outcomes for children and families.

INTRODUCTION

This report presents the findings of the Needs Analysis for the Cost Accounting and Decision Support Software Project. The Cost Accounting and Decision Support Software Project was undertaken by The Finance Project with support from the Foundation Consortium for School-linked Services to build a conceptual and technical foundation for cost accounting and decision support analysis in comprehensive, community-based support systems for children and families (CCBSS). The Needs Analysis is one of several activities undertaken as part of the project, and its purpose is to define high-level technical and organizational requirements for implementing a cost accounting and decision support system, assess current capacity for and interest in implementing such a system, and specify critical issues to be addressed for the system to be useful and effective.

Background and Context

The Cost Accounting and Decision Support Software Project seeks to enable CCBSS to meet the growing demand for evidence of the efficiency and cost-effectiveness of comprehensive approaches to providing services to children and families. As these pressures build, the sustainability of CCBSS increasingly will depend on their capacity to make effective internal resource allocation decisions and to meet external reporting requirements associated with such financing arrangements as managed care and performance-based budgeting. The goal of the Cost Accounting and Decision Support Software Project is to build this capacity by providing a conceptual framework and, potentially, software tools that facilitate analysis of the efficiency and effectiveness of comprehensive service delivery arrangements.

Successful information systems development efforts require clear and specific goals, as well as ongoing communication about and clarification of those goals among key stakeholders (e.g., funders, users, programmers). This can be especially challenging and even more crucial in the complex political and organizational environments that characterize CCBSS. The Cost Accounting and Decision Support Software Project began with a description of the analytic goals for a CCBSS cost accounting and decision support (CA/DS) system. Specifically, The Finance Project proposed the development of a software system capable of performing six broad types of analyses, each further defined by a set of analytic questions to which a system should help to inform answers. Figure 1 summarizes the project's six analytic goals for a CA/DS system.

Figure 1
Major Project/Software Analytic Areas

Cost Accounting Capabilities	Decision Support Capabilities
1. Cost accounting and analysis; 2. Internal cost controls; and 3. Analysis of funding opportunities.	4. Decisions on appropriate service mix; 5. Management decisions; and 6. External funding decisions.

To accomplish its objectives and inform the feasibility of and requirements for developing software with these capabilities, the project includes several analytic activities and products. These activities and products are designed to specify the technical requirements and available options for developing a cost accounting and decision support software product that will address the goals of the project, and the organizational capacity required to support effective implementation of the product in CCBSS environments. They include:

- A Summary of Proposed Features and Workplan, to describe key questions, analyses, and outputs that a cost accounting/decision support system should be able to answer or produce, and general requirements for system features and functions;
- A Needs Analysis, to explore current cost accounting and decision support practices, capacity, and goals among CCBSS relative to the questions and analyses the system is intended to support;
- A Requirements Definition Document, to describe in detail the required data, functions, and features for a system to produce the desired analyses and reports;
- A Review of Existing Software, to assess the potential for adapting off-the-shelf software to meet the requirements for a CCBSS cost accounting/decision support system;
- A Financial Analysis, to identify the potential costs associated with various levels of investment in a cost accounting and decision support system;
- A Feasibility Analysis, to review the feasibility of developing or adapting and implementing cost accounting/decision support systems at various levels of investment in CCBSS environments; and
- A Capacity Plan, to outline steps for building organizational capacity among CCBSS for implementing cost accounting and decision support software.

The Finance Project drafted the Summary of Proposed Features and Workplan in November 1996, and engaged Metis Associates, Inc., in mid-1997 to conduct the remaining analytic tasks and prepare their products.

Purpose of the Needs Analysis

The purpose of the Needs Analysis is to ground the software development process in the needs and priorities of potential end users, and identify issues and potential barriers to the effective implementation of a cost accounting and decision support software product. Toward these ends, the analysis includes an assessment of current cost accounting and decision support practices, capacity, and goals in a sample of CCBSS sites.

The criteria for this assessment are the cost accounting and decision analysis goals and capabilities described in The Finance Project's Summary of Proposed Features and Workplan. Based on these high-level requirements, the Needs Analysis is intended to describe the extent to which CCBSS sites (1) are interested in and assign priority to the cost accounting and decision support analysis goals and interests of the project, and (2) currently have the capacity to make effective use of a cost accounting and decision support software product. Based on this assessment, the Needs Analysis also identifies what changes would be required for CCBSS sites to invest in and make the most effective use of such a product.

The Needs Analysis is a critical step in the process of specifying both the technical and organizational requirements for implementing a cost accounting/decision support system in CCBSS environments. Before embarking on a software development effort, it is important not only to describe in detail the data required to produce the desired outputs, but also to understand how and to what extent CCBSS currently collect these data. Gaps in existing data collection efforts across CCBSS will affect the extent and utility of information they will get from an automated cost accounting and decision support system, and the preparation and training required for full system implementation.

Past systems development experience also suggests the importance of understanding the external and internal forces that drive information management and reporting efforts among organizations involved in CCBSS. Organizations collect and use data to meet both internal and external information requirements. Reporting requirements from funders are particularly strong incentives for collecting and analyzing cost and other management information. The extent of these requirements often defines the extent of data collected and used for internal purposes. This may lead to a sub-optimum decision-making process as the external organizations require data to satisfy different objectives than those of internal managers.

To understand the nature of the demand for a cost accounting and decision support system among CCBSS, the Needs Analysis explores internal and external organizational incentives for data collection and reporting.

Methodology

The Needs Analysis draws on two primary sources of data: (1) documents describing at a high level the cost accounting/decision support analyses required for assessing and making decisions to improve the efficiency and effectiveness of CCBSS, and (2) site visits to eight CCBSS initiatives in California. The documents reviewed for the Needs Analysis include:

- The Finance Project (November 1996). Cost Accounting and Decision Support for Comprehensive, Community-Based Support Systems: Summary of Proposed Features and Workplan. Washington, D.C.: The Finance Project.
- The Finance Project (1996). Accounting for the Costs of Comprehensive, Community-Based Support Systems for Children and Families: Prospectus. Washington, D.C.: The Finance Project.
- Jennifer King Rice (November 1996). Conceptualizing the Costs of Community-Based Support Systems for Children. Washington, D.C.: The Finance Project.
- Mark Friedman (1996). A Strategy Map for Results-Based Budgeting: Moving from Theory to Practice. Washington, D.C.: The Finance Project.
- Abram Rosenblatt, Nancy Mills, Marty Giggen, Mark Friedman (Draft, August 1997). The Comprehensive Integrated Services Reinvestment Project Workbook. Sacramento, CA: Foundation Consortium for School-linked Services.

A project team with representatives from The Finance Project, the Foundation Consortium for School-linked Services, and Metis Associates selected the eight CCBSS sites visited as part of the Needs Analysis. The project team sought to include a mix of county-based, school-based, and community-based initiatives representing the diversity of organizational and operational arrangements among CCBSS.

In selecting among candidate sites, the project team considered the availability of and support from program staff and financial or fiscal agents for the project, the presence of active collaboration with and support from funders and the community, and the extent to which the sites received funding from multiple sources. In addition, in order to select a variety of CCBSS types, the team considered such program attributes as types of funders; the types of programs/agencies involved; the size of the operation; target population; geographic location; service configuration and extent of integration; outcome evaluation strategies; and accounting strategies and technologies.

Based on these considerations, the project team selected the following sites:

- Mutual Assistance Network (Del Paso Heights), Sacramento, CA
- St. Joseph's Center, Venice, CA
- Children's Institute International, Los Angeles, CA
- Seneca Center for Children & Families, San Leandro, CA
- El Dorado County, CA
- Fresno County, CA
- Santa Barbara County, CA
- Contra Costa County, CA

These include four multi-agency collaboratives (two county-based and two school-based), and four private, non-profit community-based organizations (CBOs) that seek to provide comprehensive services to children and families. These two basic organizational arrangements—community-based organizations and multi-agency collaboratives—represent

important alternatives with potentially significant differences in requirements for information systems. Figure 2 summarizes key characteristics of the eight sites, and more detailed descriptions are provided in Appendix A.

A site visit team from Metis Associates conducted visits to all eight sites between late November of 1997 and mid-January of 1998. The site visits included interviews with site directors, service delivery staff, financial management staff, technical support staff, and representatives from partner agencies. Metis developed a site visit interview protocol with questions related to:

- organizational mission, history, and structure;
- funding;
- service model and target population;
- computer support;
- activities and services provided;
- activity costs;
- accounting processes; and
- budgeting and reporting processes.

The protocol questions were designed to explore current practices, capacities, and goals in these critical areas, based on the analytic framework developed for the Needs Analysis and described in the next section of this report. The site visit team also asked site staff to describe their current priorities and future goals for cost accounting and decision support systems, for comparison to the analytic goals established by The Finance Project in the Summary of Proposed Features and Workplan.

Organization of the Report

The remainder of this report is organized into three major sections. The next section presents the analytic framework for the Needs Analysis. It summarizes the desired outputs and features specified in the Summary of Proposed Features and Workplan and other documents, and describes the major issues explored in the site visits. The following section describes findings from the site visits. It provides a cross-site analysis of findings regarding the extent to which sites currently conduct or have the capacity to conduct the analyses outlined in the Summary of Proposed Features and Workplan. The last section discusses the changes required for the effective development and implementation of cost accounting and decision support systems for CCBSS and presents suggestions for approaching these changes. A summary and conclusions are provided at the end of the analysis.

ANALYTIC FRAMEWORK

Three broad questions form the framework for describing and assessing the cost accounting and decision support practices, capacities, and goals of CCBSS:

Figure 2
Overview of Sample CCBSS Sites

Site	Organization Type/Partners	Size and Characteristics of Target Population(s)	Primary Services Provided	Number of Staff	Funding Sources
Mutual Assistance Network (Del Paso Heights)	CBO	Two semi-urban high-poverty neighborhoods with approximately 40,000 population	Community development emphasis. Family advocacy, drop-out prevention, community organizing and development activities.	60+ staff and contract workers (not all full-time)	Service contracts with county, private grants
St. Joseph's Center	CBO	Homeless/near-homeless and poor in a large urban area	Day shelter, food and nutrition, family advocacy and counseling, case management.	50+ staff	Service contracts, grants, donations, and thrift store sales
Children's Institute International	CBO	Children at risk of abandonment or abuse in large urban area	Residential shelter, foster care, and therapeutic day care.	Over 150 professional staff	Service contracts with counties, Medi-Cal, donations, training fees, endowment earnings
Seneca Center for Children & Families	CBO	Youths needing intensive or residential mental health services drawn from four counties	Residential group homes, therapeutic foster care, and day treatment, including education.	More than 400 (including support)	Service contracts with counties, Medi-Cal, and alternative schooling funds

El Dorado County	Multi-agency collaborative Private hospital as lead. Involvement by Social Services, Mental Health, School District	Isolated rural community of over 8,000 population	Primary health care, family advocacy and counseling, range of part-time Social Service functions.	Approximately 12 full-time equivalent staff (FTEs)	Fee-for-service (physical and mental health), per-client state social services, federal grant
Fresno County	Multi-agency collaborative County Administrator's office (organizational lead), School Districts (fiscal lead). Involvement by Social Services, Mental Health, CBOs	Children, their families, and neighborhoods associated with six (mostly) elementary schools located in areas of high poverty	Community outreach, school-related counseling and services, service eligibility determination, mental health.	Each site has 1-3 staff plus up to 3-4 FTEs	Healthy Start (and other educational) grants, per-client social services funding
Santa Barbara County	Multi-agency collaborative County Department of Mental Health (lead) with Probation, Social Services, Public Health. CBO partners include: Community Action Commission of SB, Child Abuse Listening & Meditation, Family Service Agency of SB, SB Council on Alcohol & Drug Abuse, Santa Maria Valley Youth & Family	Children, youth, and their families with cross-agency involvement that includes mental health, covering the most populous section of the county	Mental health services and treatment supervision, probation.	Over 150 full-time professionals	Federal grant, fee-for-service (Medi-Cal), Title IV-E, per-client social services funding, County General Fund, State Realignment/ General Fund
Contra Costa County	Multi-agency collaborative County Administrator's Office (organizational lead) and Department of Social Services (fiscal lead). Involvement by Probation, Public Health, Healthy Start (schools), CBOs.	Two semi-urban high-poverty neighborhoods with over 40,000 population	Income maintenance eligibility determination, child protective services, probation.	Approximately 30+ full-time staff between 2 sites	Per-client state social services payment, private grant

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- What are the incentives among CCBSS for collecting and conducting the analyses proposed for this project, and how are those incentives currently, or potentially, translated into analytic activity?
- What organizational capacity currently exists among CCBSS for collecting and analyzing this information?
- To what extent are CCBSS currently collecting and using the data required to perform the full range of cost accounting and decision support analyses proposed for this project?

This section describes the high-level requirements and criteria associated with each of these questions. The extent to which CCBSS are motivated and have the resources to collect data and conduct the analyses proposed by this project will affect their interest in and requirements for CA/DS software. The capacity of an organization to collect and analyze data reflects the priority assigned to this activity. Ultimately, the utility of a CA/DS system in the CCBSS environment depends on the current availability of data required to perform cost accounting and decision support analyses.

Incentives

Organizations collect information required to assess progress toward their own goals and in response to external demands. Efforts to provide more comprehensive, integrated services to children and families often arise from a desire to improve both the efficiency and effectiveness of those services. CCBSS therefore may be internally motivated to track progress in these areas, and also are likely to respond to a diverse array of external reporting requirements associated with multiple funding streams. The availability of resources is likely to influence the extent and focus of data collection and reporting to meet internal and external needs and interests.

Past software development and implementation efforts in the human services have demonstrated that the software features and implementation strategy must respond to the interests and needs of users. Users must see the system's utility for improving current practices or meeting internal goals before they are likely to use it for other purposes. A clear understanding of CCBSS sites' motivations for collecting and using data therefore is critical to assessing their willingness to invest in and manage the changes often required to implement a new software product.

The site visit team collected basic information about CCBSS characteristics likely to affect incentives for collecting and reporting cost-related information, such as the organization's or collaborative's history, mission, structure, funding sources and requirements, and evaluation efforts and requirements. The team inquired as to the current practices for developing cost-related information and how it is used for decision making.

In addition to learning about current practices, the site visit team also explored the extent to which sites have been or expect to be affected by emerging funding trends that require more sophisticated and detailed tracking of costs and cost-effectiveness, such as managed care and performance-based budgeting.

Organizational Capacity

Organizations or initiatives with strong internal and external incentives and broad goals for data collection and reporting will invest accordingly in the required technical and human resources. The site visit team explored two critical aspects of organizational capacity for cost accounting and decision analysis: (1) the information processing infrastructure in place at each CCBSS site, and (2) the availability of staff with the time and expertise to manage data collection and analysis.

Information Processing Capacity

Information processing systems may be manual or electronic, and often are a combination of both manual and electronic data collection and management strategies. The extent to which data are stored electronically affects the accessibility of those data for analysis and reporting, particularly when the analyses draw from multiple data sources. The extent to which computer-based data systems are used to support accounting, revenue management, service delivery, and evaluation are all of interest.

To assess the technical information processing capacity at each site, the site visit team reviewed the inventory of installed hardware and systems, and the prevalence and integration of technology throughout the organization. In addition, the team asked about plans for enhancing or replacing existing technology, and gathered and reviewed information about procurement policies and practices and technology budgets.

Staffing Capacity

Staff capacity to operate an electronic information system also affects the extent to which a CCBSS collects, manages, and uses data. For purposes of the Needs Analysis, staff capacity encompasses (1) the number of staff dedicated full- or part-time to data collection, management, and processing; (2) their expertise or training; and (3) the amount of time that staff are willing and able to devote to additional data collection and use. At the service delivery level, staff may resist devoting additional time to recording data about program services, clients, and outcomes if it comes at the expense of actual service delivery. The site visit team therefore obtained specific information about available staff resources for collecting, analyzing, and reporting the data required for cost accounting and decision support analysis. For each site, the site visit team documented who uses computers and for what purposes, who administers existing systems, and who provides technical support. In addition, team members gathered information about staff training and expertise in data collection and analysis.

Data Collection Related to Cost Accounting and Decision Support (CA/DS)

The extent of current data collection determines the amount of additional data collection or preparation required to implement a CA/DS system. The location of these data determines the number of sources the system will need to draw from for data analysis. The extent and location of data collection reflect the organizational structure of the CCBSS, including whether it is a single multi-service organization or a multi-agency collaborative, as well as

existing internal and external incentives and organizational capacity to maintain and use information processing systems.

As a basis for assessing current CCBSS data collection efforts, Metis Associates first identified the general types of data required to perform the full range of cost accounting and decision support analyses proposed by The Finance Project. During the site visits, Metis gathered and reviewed information about the scope and location of data collected by CCBSS relative to these general requirements. The gaps between what currently is collected and what is required to perform the proposed analyses determine the nature and extent of additional data collection required to fully implement CA/DS software.

Types of Data Required for a System to Perform These Analyses

The framework for reviewing data collection in the sites is based on the analytic goals and questions outlined in the Summary of Proposed Features and Workplan and other documents related to cost accounting and decision support in CCBSS environments. These documents describe questions that a CA/DS system should help CCBSS to answer. Addressing each of these questions requires one or more of four general types of data: (1) revenue, (2) cost, (3) service, and (4) outcome data.

The requirements associated with these data "pools" encompass not only the data themselves, but also the procedures and applications for collecting, summarizing, synthesizing, and reporting the data. Each data pool serves somewhat different purposes for different end users, includes different types of data, draws from different sources, and may entail different processing systems. A CA/DS system for CCBSS might perform some of the proposed analyses using data from only one of the above categories or "pools" of data, but most require data across at least two data pools.

The following describes the types of information and data processing strategies related to each of the four data pools:

Revenues. Revenues for a CCBSS may consist of (1) unrestricted grants and donations, (2) budget allocations, grants, or contracts to perform specific services in bulk (e.g., funding a program), (3) contracts to perform specific services priced per unit of service, or (4) contracts to perform specific services priced per client (e.g., capitation). A CCBSS is likely to have more than one revenue stream, some attached to particular types of services and others to particular target populations. The site may collect different types of data and use somewhat different information processing systems for each revenue stream. Data collected in this category might include the name of the funding organization; the amount of the allocation, grant, or contract; the duration; eligibility rules; allowable expenditures; and maximum allowable units of service. In addition, information about the nature of the contract, such as payment cycles, data collection requirements, renewal criteria, and other restrictions is helpful in evaluating service mix and whether the organization should continue pursuing funding from particular sources.

Costs. Costs represent the monetized value of all resources expended by a site. For human services organizations, personnel expenses often account for 70% or more of program costs. Cost pool data can include each financial transaction by type of expense (payroll,

supplies, etc.) and by program. Cost pool information can also include activity cost information captured through payroll processing (e.g., time spent on administration or client service), and other data on activities that could be useful to support activity-based budgeting and costing.

Services. The Service pool includes information about both clients and the services they receive. The basic record may be a case file that includes client demographic data, eligibility information, assessment results, service planing information (e.g., goals, referrals), services provided and by whom, progress assessments, and other data related to case management. An information system that gathers extensive data to support or organize service delivery often is referred to as a case management system. A system designed to capture basic client demographic and contact data is referred to as a client information system. A CCBSS typically has one or more of these systems (the CCBSS may have a different system for each service program).

Outcomes. Outcomes measurement may take a variety of forms, but typically an Outcome data pool will contain one or both of two types of data: (1) client-based outcome information, which might be captured manually or by an automated client information or case management information system. Data may include intake assessment results, results of periodic reassessments, reason(s) for case closure, and the nature of subsequent placements (e.g., job placement, child welfare placement); and (2) community-based outcomes, which are likely to be maintained separately from the initiative's operational data collection and information processing. This pool of information usually includes community-level indicators and benchmarks such as teen pregnancy or juvenile crime rates, and may include Census or other survey results.

Figure 3 illustrates which of the four information pools a CA/DS system would draw from to conduct each of the analyses encompassed in the Summary of Proposed Features and Workplan. This figure is not intended to provide a definitive list of cost accounting and decision support analysis for CCBSS, but rather represents a useful starting point for defining high-level data requirements for a cost accounting and decision support information system. It also enables a general assessment of the adequacy of current data collection related to cost accounting and decision support.

The association of an analysis with an information pool is a judgment process, because different individuals may define a specific analysis in different ways. For example, most would view the question, "Where are expenditures relative to budgeted line items?" as requiring cost information only. However, if the concept of a flexible budget is used (whereby the budgeted amount for a category of expense varies based on a pre-set relationship to the volume of services), then service data would also be necessary. Further, the figure shows only internal data sources. Some of the analyses may require data external to the CCBSS site (such as other available funding sources and community-wide service information and outcome indicators).

It is clear from Figure 3 that while some analyses require data from only one pool, most require data from two or more pools. A closer inspection of the frequency with which each type of data is required indicates that revenue data are required for roughly one-fourth, cost

Figure 3
Basic Data Requirements for Key Analyses and Questions

Analytic Area	Questions the System Should Answer	Types of Data Required			
		Revenue	Costs	Services	Outcomes
Cost Accounting and Analysis: The cost accounting software should provide the information necessary to assist CCBSS managers with answering basic cost accounting questions.	Where are the bulk of costs occurring?		x		
	What are the marginal costs of expanding units of services?		x	x	
	What are the relative costs of higher- or lower-quality services?		x	x	x
	What are the costs for serving different mixes of populations? Are costs affected by factors such as the geographic concentration of individuals by poverty and race?		x	x	
	What are the life-cycle costs of serving a child or family?		x	x	
Internal Cost Controls: To ensure that CCBSS managers have timely access to data on current expenditures, it is important for them to have regular information on the enterprise's current financial activities. The cost accounting software module should provide CCBSS with information for internal cost controls.	How are we performing against internal management benchmarks for performance?	x	x	x	x
	What are the implications for future budgeting?	x	x	x	
	What percentage of total costs are spent on direct service?		x	x	
	Where are expenditures relative to budgeted line items?		x	x	
	Are there areas where we can achieve savings?		x	x	x

Analyzing Funding Opportunities: The software would have the capability to assist CCBSS managers in making internal funding decisions, although many of these capabilities may not be available in the initial version of the software.	Do opportunities exist to draw down other federal/state/local funding streams?	x		x	
	What expenditures can be billed to available funding streams?	x	x	x	
	To what extent does pooling funds create more cost-effective service delivery?		x	x	x
	How can funds be blended more effectively or efficiently?	x		x	x
Decisions on the Appropriate Service Mix: The decision support tool should assist managers and policy-makers to access and analyze information necessary to assess the appropriate service mix.	What does it cost to provide particular types of services?		x	x	
	What are the costs associated with various models of case management? Of various models of collaboration?		x	x	
	What are the most and least cost-effective elements of service delivery?		x	x	x
	How are patterns of expenditure in community services changing?		x	x	x

Figure 3 (continued)
Basic Data Requirements for Key Analyses and Questions

Analytic Area	Questions the System Should Answer	Types of Data Required			
		Revenue	Costs	Services	Outcomes
Management Decisions: The cost accounting and decision support tool should assist CCBSS administrators with key management decisions.	What shifts in patterns of expenditures are needed to help us better achieve our priorities?		x	x	x
	Can we reconfigure programs/services/resources to provide quality service for a reasonable cost?		x	x	x
	What economies of scale exist for delivering services?		x	x	
	Should the provision of certain types of services be contracted out?	x	x	x	x
External Funding Decisions: The software tool may also produce valuable information for external project funders.	What are the cost curves over time? How long does it take to achieve desirable change?		x	x	
	How sustainable is this initiative?	x	x	x	x
	What is the leverage ratio of investment?	x			
	What is the approximate value of non-itemized investments being utilized by the initiative?		x	x	
	What are the total costs and associated savings of investments in prevention?		x	x	x

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and service data each are required for roughly 90%, and outcome data are required for conducting more than half of the proposed analyses. Even though the list is an informed but necessarily incomplete starting point and the process for associating analyses with information pools must be individualized, this analysis of the data needs is useful for assessing the importance of the four data pools and current data availability.

At a high level, then, cost accounting and decision support analysis for CCBSS requires revenue, cost, service, and outcome data. While one might anticipate the importance of cost data for these analyses, service and outcome data also represent critical areas of data collection for CCBSS sites interested in conducting comprehensive cost accounting and decision support analysis.

DESCRIPTION OF CURRENT CCBSS COST ACCOUNTING AND DECISION SUPPORT GOALS, PRACTICES, AND CAPACITY

This section presents the key findings from the site visits regarding current cost accounting and decision support data collection and analysis goals, practices, and capacity. The findings relate to each of the three major analytic areas identified in the previous section: (1) organizational incentives and goals, including the internal and external factors that drive priorities and requirements for data collection and analysis; (2) organizational capacity, including both information processing infrastructure and staff capacity; and (3) data collection in each of the four data pools required to conduct the analyses proposed by The Finance Project and suggested by site respondents.

In general, sites were interested in strengthening their cost accounting and decision support capacity and were particularly interested in analyses related directly to site operations and financial sustainability. Sites noted growing pressure for cost-effectiveness and efficiency, especially given trends in financing such as managed care. External reporting requirements and financial management needs for sustainability largely determine existing information systems. These systems are generally adequate for meeting current accounting needs, although information processing technology and staff are lean and typically are less accessible to multi-agency collaborative sites. Likewise, revenue and cost data collection also are adequate, but collection of service and outcome data required for a more extensive set of cost accounting and decision support analyses is currently limited. Moreover, in multi-agency collaboratives the data required for cost accounting and decision support analysis are distributed across multiple agency systems.

Organizational Incentives and Goals

The structure and goals of CCBSS as well as reporting requirements of various revenue streams drive current data collection practices and priorities. Key findings related to organizational incentives and goals for cost accounting and decision support analysis are discussed below.

Sites expressed interest in a number of the project's cost accounting and decision support analysis goals, and identified additional analytic questions for a system to answer.

Figure 4 presents analytic questions that various CCBSS site respondents noted as particularly important for a cost accounting and decision support system to be capable of answering. The suggestions usually reflected the individual's job function and professional training and perspective, and should not be considered a statistically random sample or definitive list of all potential user-defined needs. This chart and the following discussion are intended to provide examples of user interests, rather than to assign particular weight to one or more sets of analytic functions.

In general, sites expressed more interest in analyses related directly to site operations and funding than in broader policy-related questions. The reporting needs and related analytic questions identified by the sites fell under four of the six major goal categories identified by The Finance Project, as presented earlier. These included analyses related to: (1) internal cost controls, (2) analysis of funding opportunities, (3) external funding decisions, and (4) decisions on appropriate service mix. As such, they overlap generally with project goals and, in many cases, specifically with this project's proposed analytic questions. At the same time, sites' interests reflect an emphasis on analyses to support cost-efficiency and more competitive grant proposals, and included some additional analytic questions to those proposed by The Finance Project. Nonetheless, the preponderance of the reporting needs identified by sites draw from the same basic data sources as the analyses and question goals identified by The Finance Project, and the same processing architecture could appropriately be applied to both.

The questions identified by sites that overlap most closely with The Finance Project's questions and analyses are shaded in Figure 4. Other questions representative of sites' interests also can be categorized within one of the major goal categories. However, when compared to specific project-defined analytic questions within those categories (as presented in Figure 3), it is clear that they pose unique areas of inquiry. These additional questions primarily relate to tracking staff productivity and evaluating the effectiveness and/or efficiency of services delivered to individual clients.

Sites reported strong incentives for cost accounting and decision support, but differences in the organizational structure of CBOs and multi-agency collaboratives affect capacity for collecting and managing the required data.

Both CBOs and multi-agency collaboratives are under pressure to demonstrate cost-effectiveness and to allocate resources as efficiently as possible. Multi-agency collaborative sites are under increasing scrutiny, and reported concerns about their ability to sustain a collaborative service delivery approach in the absence of evidence of their cost-effectiveness compared to more traditional service delivery models. CBOs also are concerned about demonstrating their effectiveness and efficiency, and anticipate that their ultimate survival will depend on their capacity to provide this information to funders. While both CBOs and multi-agency collaboratives reported a growing need, their capacity for producing this kind

Figure 4
Basic Data Requirements for User-Suggested Analyses and Questions

Area of Interest	Questions the System Should Answer	Types of Data Required			
		Revenue	Costs	Services	Outcomes
External Funding Decisions	What is the long-term net gain to clients from collaborative services?			x	x
	What is the cost (and the avoided cost) for the net gain to clients over the long term?		x	x	x
	Do collaborative services make economic sense?	x	x	x	x
Analyzing Funding Opportunities	**What are the full and marginal costs for each service contract?**	x	x	x	
	Can we project service costs less than alternative service providers?	x	x	x	
	What are the costs of service by type or profile of client?		x	x	
Internal Cost Controls	What is the billing productivity of individual staff members (and groups thereof)?	x	x	x	
	What is the outcome productivity of individual staff members (and groups thereof)?		x	x	x
	Who are the high-cost clients, and why?		x	x	x
Decisions on the Appropriate Service Mix	What is the schedule of follow-up for client plans, necessary recertification, eligibility, etc.?	x		x	
	What service mix provides the best client outcome?			x	x
	How do services actually provided compare to the service model anticipated?			x	x

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of evidence differs due to different organizational structures and, therefore, different incentives, priorities, and systems for cost accounting and decision support analysis and reporting.

CBOs are free-standing organizations whose services are delivered and managed internally by staff employed or contracted by the organization. As a result, these sites have direct control over and access to data about their revenues, costs, services, and outcomes. Moreover, for the most part the CBOs operate a smaller number of programs than multi-agency collaboratives, and they cost out and track budgets by program rather than for the organization as a whole. As a result, cost data are more accessible and easier to relate to the services provided.

Multi-agency collaboratives bring together different organizations who share a common purpose or client population, but have diverse requirements and systems for cost accounting and decision support. Typically, a lead agency coordinates the collaborative—often the agency with the most resources invested in the target population or community—and provides significant support in the form of outstationed staff or facilities to the collaborative service delivery site. Staff providing services in collaborative sites may report both to the site director and to their own agency supervisors, and often have to meet data collection and reporting requirements for both. Budgets are maintained at the agency level, encompassing multiple programs and services in addition to those provided at the collaborative site. The resources associated with multi-agency collaborative sites, therefore, are more difficult to identify, since they are distributed among multiple agencies, each of which may receive funds from multiple sources.

For these reasons, findings described below related to data collection and organizational capacity often differ in important ways for CBOs and multi-agency collaboratives. The requirements for effective implementation of cost accounting and decision support software therefore are likely to be different for these two CCBSS models.

To a large extent, external reporting requirements and financial management needs related to financial sustainability determine the data collected and level of information processing capacity in the sites.

The site visits revealed a strong link between external incentives, which usually take the form of reporting requirements associated with funding sources, and the extent of data collection and information processing capacity. In addition, sites have a strong incentive to manage resources efficiently, and thus to collect information to support management decisions. It is not surprising, given scarce resources for data collection and analysis, that CCBSS sites build their information processing systems around financial management, reporting, and billing functions required to sustain program operations. In the absence of additional resources for data collection, internal analytic goals often are shortchanged.

Typically, financial reporting systems require varying levels of cost and service data depending on the type of revenue involved. As noted above, CCBSS may draw from one or more of four major types of revenues: (1) unrestricted grants and donations; (2) budget allocations, grants, and contracts to perform services in bulk; (3) contracts to perform services

priced by unit of service; and (4) contracts to perform services priced per client. Each is associated with reporting requirements to demonstrate compliance with the terms of the funding agreement, and typically includes some level of revenue, cost, and service data.

All of the CCBSS sites visited have more than one type of revenue stream, and often several different grants or contracts within a type. Within a type of grant or contract, there can be several different grants or contracts, for example, to provide the same services to different client groups. Other possibilities are different grants or contracts, regardless of type, to provide different services to the same group of clients. To understand the relative influence of different types of revenue streams on data collection, it is important to consider that across the eight CCBSS sites:

- Contracts to perform services priced per client, including capitation contracts, may represent over 40% of the overall funding of the sites we visited (however, two of the sites provided residential shelter/treatment, which is quite expensive per client and may skew the distribution). Most sites had at least one contract on this basis.
- Contracts to perform services priced by unit of service represent a major source of revenues for the sites we visited, perhaps in excess of 35%. However, this may not be representative of all CCBSS sites nationwide, due to the prevalence of fee-for-service mental health funding in California.
- Budget allocations, grants, and contracts to perform services in bulk represent a significant share, perhaps 25% or more, of the funding for the CCBSS sites that we visited.
- Unrestricted grants and contracts represent the smallest share of overall funding for the sites we visited (i.e., less than 5%), but are considered critical as "glue money" for sustaining collaboration.

As described earlier, most of the data collected by sites for these various revenue streams are cost, revenue, and some service data. Sites reported few specific and immediate external demands for outcome information. They reported general pressure to demonstrate results, and a few have funders that require evaluations with outcome data, but outcome-based accountability was not the norm across sites.

For the multi-agency collaboratives, outcome accountability remains agency-based and uneven across agencies. However, as noted above, the demand for evidence of the effectiveness of collaborative service delivery models is growing. CBOs are held accountable on a program-by-program basis, rather than for the entire array of services they might provide to a particular client or group of clients. Moreover, the CBOs generally are responsible for a smaller subset of the overall set of services provided to families and children in a neighborhood or community than the multi-agency collaboratives. Funders therefore hold them accountable principally for the quality of service provided directly to clients, and for some client progress measures during the service delivery period. Again, however, the CBOs anticipate growing pressure from funders to demonstrate results.

Organizational Capacity

Accounting processes are adequate to support current accounting needs as the sites currently perceive them (i.e., to satisfy external reporting requirements). However, existing capacity would not likely be adequate to support the additional data collection and analysis required to meet the full range of The Finance Project's cost accounting and decision support analysis goals. Specific findings related to organizational capacity are discussed in this section.

Electronic data collection systems are lean, focused primarily on accounting and billing, and for multi-agency collaboratives are fragmented enough to pose considerable challenges to site-level cost accounting and decision support analysis.

All sites have accounting systems in place at some level in the organization and are able to meet current accounting obligations. At the same time, while sites are in accounting control, all are interested in upgrading their accounting systems to allow easier access to more information. The information processing infrastructure among CCBSS sites reflects current reporting requirements associated with revenue sources – the sites devote resources to billing and other systems required to sustain funding. Additionally, one site maintains extensive service and outcome data on a FoxPro database, facilitated by a major evaluation grant.

The CBO sites appear to have adequate accounting processes in place to record transactions and to prepare currently required financial reports. They tend to use general-purpose accounting software products, as opposed to fund accounting software, and have internal financial support staff. Most of the automated tools in place at the CBO sites are homegrown software applications developed to manage the information collection and processing required for service-based and per-client billing. The accounting systems employed by the CBOs are all PC- or LAN- based purchased packages designed for the small or smaller mid-sized end of the general business market. The purchase cost of the systems when new ranged from approximately $500 to $6,000. None of the CBOs use accounting software targeted to the non-profit market.

The county-based multi-agency collaboratives have not built much site-level infrastructure to support information management activities, and have not acquired site-level accounting or financial software. They have accounting systems in place to meet agency-specific accounting needs, but the information systems used by each participating agency continue in operation without modification, often to fulfill mandatory agency-specific reporting requirements. Multi-agency collaboratives do not currently extract or aggregate data from agency systems for collaborative site-level cost accounting.

Each agency participating in a multi-agency collaborative has its own financial system that includes budgeting; payroll and expense disbursement processing; and ledger accounting. The procedural and computer systems to perform these functions are often extensive and highly controlled large-minicomputer (e.g., AS/400) or mainframe-based systems operated by a central department (e.g., Audit and Control) that processes financial transactions for an entire county government or school district. The cost of these accounting software packages begins in the $50,000 to $80,000 range and can go up to several hundred thousand dollars.

In addition to information systems tied to billing, some of the CBO and multi-agency collaborative sites have additional software for reporting on grants and contracts to provide services in bulk. In some cases, these systems are internal to the site, and for CBOs they may be on the same computer or platform as the billing system. In other cases, these systems are maintained by external evaluators. Several sites also maintained systems to support unrestricted grants and donations, which typically stand alone and are used for fund-raising support and to help manage the grant-writing process. If an endowment is involved, formal and highly controlled systems and procedures for transaction data recording and reporting are typically established. This reflects the fact that such revenues generally require continued fund-raising activity, or investment activities to produce a return from an endowment (and preserve its capital). These efforts are usually narrow and focused in comparison to the overall operations of the organization. They usually report closely to the organization's executive director, and often have significant input from the organization's leadership group and/or board.

Overall, the extent of data dispersion among government-based multi-agency CCBSS sites poses a particular set of information processing capacity issues. As noted above, CCBSS site staff record required data about their work in their home agencies' information systems, some of which are mandated for use on a state-wide basis and cannot be modified or discontinued by the site. Moreover, the lead agency for a collaborative, which often has the largest financial stake in the CCBSS, usually accomplishes its internal financial management function without significant information system capacity of its own, relying instead upon centralized information processing services that support all county agencies. While data can also be dispersed in CBOs, typically they are merely located in different software operating on the same hardware platform and operating system and are maintained by the same staff.

Staff capacity for information processing also is lean, not readily accessible to multi-agency CCBSS sites, and not likely to be adequate for the additional information processing tasks required for decision support analysis.

Site directors for multi-agency collaboratives typically do not have financial support staff on site. Fiscal support generally comes from the fiscal department of the lead agency, or from a central financial agency responsible for budgeting and financial services (e.g., payroll, disbursement processing, etc.) for all county or school district entities. The lead agency usually assigns a staff person to address cost reporting or analysis required for the collaborative, who often is part of the agency's financial section and does not directly report to the site director. Among the sites we visited, an exception is a site with an evaluation team of approximately three full-time equivalent staff (the evaluation budget exceeds 5% of total program costs). These staff maintain a database of service and outcome information, and produce feedback and evaluation reports for staff, the site director, and the funder.

Similarly, multi-agency CCBSS sites generally do not have internal information technology support staff. Each participating agency supports the individual technology needs of the workers it has assigned to the site, and the lead agency provides support to site leadership. The agency-based technology support staffs typically are well-trained and deep

in numbers. However, these staffs support entire agencies or are a centralized function for the entire jurisdiction and have many competing priorities. In some cases, it may take an annual planning and budget cycle to get a significant commitment of technical staff resources.

By contrast, CBOs generally have internal accounting organizations and processes similar to businesses, including a Chief Financial Officer or Controller. Revenue analysis and management control in the CBO sites typically are performed by the Executive Director and senior financial staff for the organization. Most CBOs also have internal technology support staff. Depending on the size of the site, these can range from a knowledgeable staff person who, though not formally trained, helps others with their PCs, to a data processing department staffed with technical professionals. Internal resources are often supplemented with per diem freelancers and consultants, and with volunteers. At the same time, the CBO sites yielded the impression that staff resources devoted to information processing technology were as lean as possible without risking failure of critical accounting and billing functions. Two of the CBOs, each with revenues in the vicinity of $15 million to $18 million, have only one staff member responsible for information processing support. These staff members devote most of their time to maintaining billing systems. Few staff members had experience with the extraction of data from one system and its use in another, a critical process for the success of CA/DS software.

Program staff in both CBO and multi-agency collaborative sites interviewed during the site visits generally expressed reservations about collecting more service information. At several sites, a high proportion of the available staff time (up to 40% by one program manager's estimate) is already spent to collect information required by funders, especially to support services provided under fee-for-service contracts. While cognizant of the potential benefits of additional information, staff were wary that increased data collection would divert scarce time and resources away from client services. Fieldworkers at one site accept supporting system data needs as routine and normal, while workers at other sites clearly were resistant to the idea of additional tasks they viewed as administrative.

Data Collection

The extent of revenue, cost, service, and outcome data collected by sites varies considerably across these four critical areas, reflecting the incentives, priorities, and capacities described above. In general, the site visit team discerned the following patterns in data collection.

Revenue and cost data collection are reasonably complete and generally adequate to support basic cost accounting, although agencies participating in multi-agency collaboratives currently cannot fully isolate the costs of the collaborative from other agency costs.

Generally, the CCBSS sites collect the revenue and cost data required to manage their revenues and funding sources well, and are able to pull information together as necessary to satisfy various funders' reporting requirements. However, this data may not be correctly formatted or sufficiently detailed to support internal decision making. Furthermore, the availability of cost data varies between the CBOs and the multi-agency collaboratives.

The CBOs' ledger structure typically includes coding of each transaction by type of expense (payroll, supplies, etc.) and by program. Budgets are prepared on both dimensions, and actual to budgeted expenses are reported periodically (the typical frequency is monthly). Cost pool information sometimes includes activity information captured via payroll processing (e.g., time spent on administration or client service), but this information is usually not at a very detailed level. CBOs typically record the value of donated goods when the amount is meaningful. Aside from being the accounting practice required to get a CPA's audit opinion, the practice is helpful to support the donor's tax deduction and, perhaps, funder match requirements.

The financial systems that provide accounting support to county agencies participating in multi-agency collaboratives have capabilities similar to those noted for the CBOs. However, participating agencies often do not isolate the actual costs of participating in the collaborative in their financial systems. Therefore, cost analysis in multi-agency collaboratives often is based on the full-time equivalent agency staff expected to be deployed in the collaborative and their budgeted average cost.

No site—CBO or multi-agency collaborative—currently records the monetary value of donated labor, due to a combination of difficulties in valuation and weak records of volunteer time. Ideally, this data should be recorded to capture the full value of resources invested in the initiative, especially in cases where volunteers are used in lieu of paid staff to provide key services.

Service data collection is limited and tied primarily to billable services.

The overall scope of service information collected by sites is limited and tied directly to funding requirements. At present, only one site captures data about a majority of its clients, and this is primarily due to the fact that the lead agency for the collaborative provides services to most clients and therefore records them in its internal system as a matter of course. One CBO site requires staff in one of its programs to record manually the services they provide as part of completing their time sheets. Staff are required to list the client, service type, and duration of service for each service unit rendered, and these data are entered in the payroll processing system.

However, given the prevalence of per-service and per-client grants and contracts among the sites, many collect at least some service data to support billing and anticipate the need to collect additional data as these funding strategies become more dominant across service domains. To satisfy reporting requirements for contracts to perform services priced by unit of service, sites typically maintain a billing system connected to a pool of service information. The data collected and reported may include client eligibility, some client demographic/descriptive information, and the service type and unit count. The type of service, and therefore its price, can be based on various factors, requiring additional data collection related to services. For example, in mental health billing the price may be based on the kind of service provided (e.g., direct therapy, case management, etc.), and/or on the client's condition.

Several of the sites collect service information for clients receiving mental health services billable to Medi-Cal on a fee-for-service basis. The service information is collected to the extent required to support Medi-Cal billing requirements. These sites do not typically collect information about the delivery of other services or programs. The correlation between fee-for-service mental health services and service data collection also is evident in the multi-agency collaborative sites. Two of these sites provide mental health services on a fee-for-service basis and support this activity with a billing system that stores service-specific information.

In addition, staff outstationed at the county collaborative sites collect and enter service data into their home agencies' respective MIS systems in accordance with internal standard operating practices. However, collaborative activities are not recorded at any site. For example, a child protective services worker providing consulting services as part of a collaborative effort on behalf of a client enters data required for the state-wide child protective services system, but does not record case conferences with a probation worker also working at the collaborative site. On her own initiative, a CPS worker at one of the county multi-agency collaborative sites keeps a written record of the services she provides at the site, but there is no systematic requirement or similar practice in place across all participating staff.

Sites typically are not required to collect service data to satisfy reporting requirements for contracts to perform services priced per client. Reporting requirements for these contracts typically include client eligibility and demographics to ensure that the program is serving targeted clients. Beyond this level of data, the various types of services and activities related to each client usually are bundled into the per-client price, rather than billed separately, so this information is not required for reporting purposes. However, sites may collect some service information to enable tracking and controlling per-client costs and to help determine appropriate pricing levels for future contract negotiations.

In fact, service-level data are increasingly important to sites with per-client contracts, because per-client funding is no longer limited to more standardized services such as income maintenance eligibility (i.e., the county is reimbursed by the state based on the number of clients carried) or foster care (priced per client/day). Capitation also is increasingly used in less structured service delivery domains such as mental health. Several sites receive per-client contracts for services whose type and quantity may vary considerably across clients. This complicates the process of tracking what clients receive.

For effective management under per-client reimbursement systems, sites also record information about whether the established service delivery system is at capacity, since per-client costs decline as the number of clients served increases (typically, significant portions of the cost structure are fixed over the relevant range of clients). Capacity for service delivery depends on the nature of the program, and can include tracking whether all available beds or classroom seats are filled or whether case workers are carrying a full caseload as defined by the organization or funders.

Outcome data collection is a future goal, but currently is limited and primarily anecdotal. As noted earlier, many of the analyses proposed by The Finance Project relate to assessing service effectiveness, which requires information about client outcomes as well as services. Formal outcome measurement is not currently widespread among the eight CCBSS sites, although efforts are under way at varying levels in several sites, including:

- One site has undertaken an ambitious outcome measurement effort supported as part of an evaluation grant. This site uses client outcome data to meet reporting requirements for a major grant and to provide useful feedback to staff. The initiative has developed assessment procedures for measuring behavioral outcomes for clients. Staff assess clients at intake and thereafter in six- month intervals, and results are published in varying levels of aggregation to provide feedback to staff about client progress.
- One site tracks employment placements for welfare clients participating in the GAIN job readiness program. It expects to collect some additional outcome data for an outside evaluator as required by a specific grant.
- An evaluator at one site tracks community-based outcome indicators mandated by the funder. For example, the mandated indicators for services targeted to elementary school students and their families include community-wide incidence of alcohol-related crimes. Site staff view this effort as more relevant and useful to state policy makers than for site operations decisions.

Aside from these three efforts, the eight sites are not currently collecting outcomes information in computer-based information systems. However, staff track and record client progress and case outcomes anecdotally in case notes. Moreover, most staff interviewed during the site visits expressed interest in client outcome data, especially for purposes of demonstrating program effectiveness. If high-quality, reliable client outcome data were to be collected for a cost accounting and decision support system, site staff noted several major obstacles that would have to be overcome. These include challenges to selecting appropriate measures, lack of resources to support data collection, and inadequate information system infrastructure for data collection and management.

IMPLICATIONS AND SUGGESTED APPROACHES FOR IMPLEMENTING A COST ACCOUNTING AND DECISION SUPPORT SOFTWARE TOOL

This section specifies at a high level the changes required among CCBSS sites to implement a system that meets the full range of cost accounting and decision support analysis goals identified by The Finance Project. The discussion suggests changes related to:

- Incentives for collecting data required for cost accounting and decision support analysis;
- Technical and staffing capacity for data collection and analysis; and
- The types and formats of data collected.

The findings suggest a phased approach to implementing a CA/DS tool that treats current capacity as an adequate, if limited, starting point, and gradually builds additional capacity to conduct a broader set of analyses. Initially, this approach would produce a few of the proposed analyses using existing or slightly enhanced cost and revenue data. Over time, with strategic investments in information processing capacity, staff capacity, and data development, sites could increase the extent of service and outcome data collected and/or imported by the cost accounting and decision support system database that would enable fuller implementation of a CA/DS system.

Building On and Strengthening Incentives for Data Collection and Analysis

Sponsors of major computer systems projects and their project managers often fail to fully consider the potential influence of human and organizational behavior on the success of the project. Immersed in the detail of data requirements and system design—data modeling, requirements documentation, technical platform considerations—they overlook important design elements related to the political and organizational context in which the system will have to operate. This includes consideration of incentives to motivate behaviors that will enhance the system implementation.

The findings from the site visits confirm what the project team assumed from past experience about the incentives operating in CCBSS environments—that human services organizations do not collect some of the most basic and important forms of service information (e.g., type of service, duration, frequency, and the staff person providing it) unless it is required by the funder or there are resources available to support additional data collection and analysis. The site visits also confirmed that staff are likely to resist additional data collection requirements.

The challenge to this project, therefore, is to develop a strategy grounded in awareness of these issues that addresses or assists in the development of incentives for CCBSS organizations to embark on more comprehensive cost accounting and decision support analysis efforts. The project should consider a "market development" strategy for stimulating increased demand for cost accounting and decision support information that is targeted at multiple levels ranging from funders to fieldworkers, and cognizant of the fact that multiple incentives may operate at each level. The following suggestions illustrate potential aspects of this approach:

- Initial software implementation should be designed to include the types of analyses that users are most interested in, such as those that would support enhanced management control of service operations or support funding proposals.
- An implementation strategy could be developed and communicated to sites that enables useful analysis in the absence of comprehensive data across all four data pools and minimizes the additional data collection required. For example, it is likely that most sites have the data available to calculate the direct and fully allocated (or loaded) costs per unit of service. The ability to do so and model projections for

future periods would provide significant assistance in the funding development and management process. The essential service data that is required for useful analysis breaks down into type of service and its duration by staff member. The collection of this information may be no more difficult than elaborating on staff time sheets already in use in many sites.

- Initial software implementation could be targeted to environments that have recently entered into, or are soon to enter into, new financial funding arrangements such as managed care or that are already engaging in results-based budgeting. CCBSS faced with or engaged in these challenges are likely to be more interested in the type of analyses represented in the project goals.
- The system should target analyses that enhance the system's utility for improving client service and/or outcomes, and communication strategies should emphasize these potential benefits.
- Further steps could include developing the incentives for increased analytical information by demonstrating to the funding community the potential value of the information to support effective allocation of funds.

Building Capacity for Additional Data Collection and Analysis

Successful development and implementation of CCBSS cost accounting and decision support analysis software will require some investment in additional capacity among CCBSS sites. These investments take several forms, including investments in information processing capacity such as hardware and software upgrades, assistance in developing and strengthening data collection, conducting staff training, and perhaps hiring additional staff with technical expertise.

Investments in Information Processing Capacity

The extent of required investments in information processing capacity would range from modest (e.g., only software-specific training) if the site has an effective information processing infrastructure, to major for sites with little technical infrastructure. In the private sector, a "rule of thumb" for information infrastructure investments is that 15% of an organization's total expenses should be devoted to information processing. While this is a generalization and there appears to be no comparable rule for CCBSS, it is a useful concept for estimating the amount of "catching up" a site might need to do. To the extent that a site is investing less than the norm in information processing, it may need to make more significant investments in technology and staffing than sites closer to this level.

Investments in Data Development

In addition to expenditures for information processing technology, another critical area of investment relates to developing and managing the data itself. A cost accounting and decision support software product is an analytic tool—it does not come with data collection forms or procedures. The development of the database from which the software will draw therefore is a critical activity in preparation for software implementation. All information

systems require a well-designed data structure with data records that are complete, accurate, and entered in a timely manner. These tasks require the commitment and expertise of the site's management, and the organization, direction, and training of staff personnel.

Data development plans typically involve several stages of activity that allow for gradual increases in the scope of data collected and thus the level of investment required. The sequence of development steps build logically upon one another and include checkpoints to ensure that the plan remains on track. The plan for data development in CCBSS for each of the four data pools should include the following steps or elements:

- ***Determine high-priority analyses and identify what data currently are collected related to those analyses.*** Given the potential amount of data collection required to conduct all of the proposed analyses, CCBSS sites may need to first establish high-priority analyses for current or anticipated reporting requirements. For example, more sophisticated analysis of costs related to different types of clients or clusters of services might be a high priority for sites anticipating an increase in per-client funding arrangements. Given the potential diversity of data collection systems involved, CCBSS sites may need to first conduct an inventory of data currently available for conducting these analyses. For example, if service delivery staff record (1) the client they serve, (2) the type of service they provide, and (3) the duration of the service for each of their services or activities, then they may collect enough data to conduct some of the desired analyses.
- ***Define additional data needed for high-priority analyses.*** CCBSS sites may determine that it is important to collect some additional data for high-priority analyses, and more additional data for other analyses anticipated for future data development phases.
- ***Develop forms or other data collection procedures.*** Forms that support data capture will need to be reviewed, refined, or developed, and new or substantially revised forms should be pre-tested by the staff who will bear responsibility for filling them out. Depending on the extent of anticipated data collection, this may involve purchasing electronic information systems that capture particular types of data. For example, some CCBSS sites may decide to purchase client or case management information systems to capture the level of service data required to perform desired cost accounting and decision support analyses.
- ***Develop data quality control procedures.*** Straightforward data quality review procedures must be in place. During early implementation, the completeness of forms should be carefully reviewed. Staff should be advised that the forms will be returned if a review indicates that they are incomplete.
- ***Develop data processing capabilities.*** A database should be developed that stores the identical information collected on the forms. Early data development by no means requires a complex, expensive database program. Our visits to CCBSS sites indicate that sites currently processing data on database software to support billing of fee-for-service activity already have the basic software and database programming

capacity needed to develop an ad hoc database of service or outcomes data. However, additional training may be required for the data processing staff at such sites to enhance their ability to use the full capacity of the software to support additional and more complex data processing and analysis. Sites that do not currently use database software should plan for training as part of the software implementation process.

- ***Develop mechanisms for data integration.*** To the extent that relevant data currently are distributed among a variety of different systems, data processing and management also will require a plan for pooling or integrating these data for analysis by the software. This is likely to be especially important and challenging for county-based multi-agency collaborative sites, since cost, revenue, and service data tend to be located in a variety of agency systems. It will also require some effort on the part of CBOs to pull together data contained in different files or software.

Investments in Staff Capacity

An information system exists only in concept without people who can feed it the raw data, identify and design desired reporting procedures, and receive, analyze, and use the resulting outputs. In general, staff capacity investments can be grouped into three categories: (1) increasing the number of adequately trained management and support staff; (2) enhancing the training or expertise of managers responsible for the change process; and (3) building support for and ensuring compliance with the data collection procedures on the part of the field staff. CCBSS sites are not unique in facing these issues, but given the disparate locations of data systems and the complexity of their operations, they bring their own challenges to the task of staffing information systems.

Enhancing Information Management Staff Size and Training. It is likely that implementing a CCBSS CA/DS software tool will require more staff resources than sites are currently devoting to data and information processing. The amount of additional resources required will depend on several factors, including: the qualifications of and competing demands on current staff; the amount of additional data to be collected (both in terms of number of data elements and volume); and the information and analytic goals of the site. Both CBOs and multi-agency sites will need to identify existing staff resources and hire and train additional staff for undertaking the following activities:

- Coordination and quality control of data entry;
- Data entry;
- Extraction of data and its integration with the software tool; and
- Reformatting of existing data.

Enhancing Management Capacity. Management of the human and organizational requirements for successful system implementation is a challenging prospect, and CCBSS site managers often are not technologically oriented. However, a technological background is not

a prerequisite to effective management of an information technology implementation plan involving new software systems and reporting capabilities.

Successful implementation of new software requires management to develop an implementation plan and related processes, and to communicate clearly their interest in and the importance of the information to sustaining high-quality services. The implementation plan must identify and describe strategies for mobilizing the appropriate type and level of resources required to support the implementation process. In addition, managers should establish feedback and control procedures, and provide staff with the training required to ensure the accuracy and completeness of information entered on forms and screens. Sites that currently have well-developed information processing infrastructures will have experience with these tasks. Others will find them new and perhaps difficult.

Building Staff Acceptance. A major difficulty in the implementation of any new data collection effort is obtaining staff buy-in to the new procedures. Considerable staff resistance is likely without efforts to communicate the purpose and importance of the recording procedure to staff. Staff acceptance must be "earned," and not assumed or left to chance. Visits to the CCBSS sites and prior experiences implementing information systems in similar settings indicate that it is entirely possible to obtain staff buy-in and acceptance in these settings, but that interest in data cannot be taken for granted.

Involving users throughout all phases of the project, as part of the development, or at least the review process, is critical to obtaining staff buy-in. It also increases the overall likelihood of the system's success. The benefits of user involvement include:

- greater user acceptance and satisfaction with the system;
- a sense of ownership of the system on the part of end users;
- a more accurate and complete assessment of user information requirements;
- greater expertise about the organization and the processes that the intended system is going to support; and
- helping to avoid the development of unacceptable or incorrect system functionality, and reducing the risk of system failure in complex projects.

Implementation managers should develop mechanisms that link the project's work to the users at both the managerial and service delivery or operational levels. Such mechanisms could include the following:

- selection of a user as project manager;
- creation of a user committee; and
- development of a formal user-specification approval process.

Developing and Collecting Additional Data

The findings presented in the previous section suggest that most changes in current data collection procedures will be required in the areas of service and outcome data. Because of

the general overlap between project- and user-defined analytical areas, the findings presented below are applicable to both.

Strengthen and Reformat Revenue and Cost Data

The extent and quality of revenue information is not a major concern because it is not as extensive in comparison to service or outcome information, and most sites already manage these data effectively. (For the sake of comparison, a program could have one revenue source that is billed at a set amount for each client enrolled in a quarter, up to a maximum number of clients, resulting in one revenue record per client per quarter, with each one being identical. By contrast, the service information pool for the program could contain dozens of service plan and contact records for each client for the same period, each one potentially reflecting a different mix of service providers, locations, types, durations, etc.) Moreover, these data are not required for as many of the proposed analyses as the other three data pools.

Likewise, the extent of requirements for cost data across the target analyses is not unduly troublesome because most CCBSS sites seem to have adequate accounting practices in place and cost information is collected in automated systems that can be used to export data. In addition, responsibility for maintaining the accounting data has already been assigned to trained personnel.

However, sites may need to strengthen and tailor existing revenue and cost data to make effective use of a CCBSS cost accounting and decision support system. For example, accounting data structures (i.e., the general ledger chart of accounts) were probably not established with the intention of supporting the types of analyses envisioned by the project. They would have to be realigned and perhaps become more detailed. Revenue data may be in the accounting records on a cash received-only basis. Sites may have to shift to an accrual basis to match with services performed and billings. A limited volume of other information related to revenue source may have to be entered into an electronic format to be accessible for analysis. However, these changes would be relatively marginal compared to the changes required in service and outcome data collection that are discussed below.

Increase Extent of Service Information Collection

The limited collection of service data among the CCBSS sites is cause for concern, given the prevalence of service information as a required component for most of the project's proposed cost accounting and decision support analyses. Two options exist to support the service data collection and integration necessary to obtain the site-wide service data required to meet project goals: (1) obtaining the service data as it exists in the various information systems and enhancing them as necessary, or (2) implementing a site-level service information system that may require redundant data entry. The optimal strategy for a site will depend on the nature of the systems and data collection now in place, the accessibility of the data, and the number, location, and technical ability of existing staff. The challenges are likely to be greater for multi-agency collaboratives, whose relevant service data may be distributed across a number of agency-based systems.

It is somewhat encouraging that many of the sites collect some service information, even if only for a single type of service. This suggests that these and possibly other CCBSS may be in a position to undertake some analyses that require service data in addition to revenue and cost data. Initial experience with an information system using this level of service data might convince sites of the utility of conducting additional analyses that require more extensive service data collection efforts.

The extent of additional service information needed will vary from site to site. For example, sites that bill on a fee-for-service basis will likely already have the data collection and information processing infrastructure needed to begin producing analytical information such as current costs of providing different types of services. However, these sites would likely need more service information to fully develop their analytical capabilities in order to capture information that would allow more complex analyses such as comparing the costs or effectiveness of various case management or collaboration models.

Increase Extent of Outcome Information Collection

As noted earlier, CCBSS sites could collect outcome data both for individual clients and for the community or a sample of the community as a whole. Both are relevant to the project's analytic goals. However, community-wide outcomes can be influenced by factors not related to site activity (e.g., the economy), and the site visits suggest that CCBSS staff view these data as less helpful for internal program planning and assessment purposes. For these reasons, client-based outcome data are particularly important for the purposes of developing cost accounting/decision support information for an individual CCBSS site.

Given the challenges and issues involved in outcome measurement noted by sites and more broadly in the literature (e.g., development of appropriate indicators, availability of relevant data), developing outcome measures and collecting outcome data across organizations over time for CCBSS analysis will likely require policy-level activity. It may, for example, require the establishment of a central data repository to collect cross-site information, and special funding to allow sites to follow up on former clients.

In the meantime, sites might begin by focusing on shorter-term outcome indicators for clients in areas of high priority for funders and policy makers (e.g., attainment of employment, school attendance and grades). Caseworkers' interest in outcome information expressed during the site visits indicates that this may be an area where staff would be willing to implement new data collection and analysis tools. As CCBSS organizations begin to increase their efforts in this area, their cumulative experience will provide a better understanding of the value of measuring outcomes and how to measure them.

Building on Existing Capacity and Implementing Changes in Phases

CCBSS sites may want to consider a phased approach to implementing a cost accounting and decision support software product that builds on data currently available and clearly specifies plans for increasing data collection efforts over time. In conceptualizing potential phases of data development, it is useful to compare the number of analyses proposed by The Finance Project and sites to the number of data pools required. Again, these should not be

considered a definitive list of possible analyses, but rather a set of proposals around which to conceptualize a software product. It is also useful to recall that revenue and cost data are currently the most available, and that while service data are currently limited, existing data collection efforts provide a basis of experience for expansion.

Figure 5 summarizes the results of an assessment of the number of proposed analyses that could be conducted with data from various combinations of the four data pools. As illustrated in Figure 5, only 2 of the 27 analytic questions proposed by The Finance Project can be answered with data from one pool—one each using cost or revenue data. Eleven questions require data from two pools, most often cost and service data. An additional eleven require data from three pools (eight of these from the cost, service, and outcome pools). Three require data from all four data pools.

Figure 5
Analytic Capabilities under Different Data Combinations

Cluster	Available Source Data Pools	Number of Analyses Possible with These Data
1	Revenue Only	1
2	Cost Only	1
3	Revenue/Service	1
4	Cost/Service	10
5	Revenue/Service/Cost	2
6	Revenue/Service/Outcomes	1
7	Cost/Service/Outcomes	8
8	All	3

Figure 5 and the overall state of data adequacy as discerned from the site visits suggest three phases of data development. The phases are conceptualized with the goal of allowing CCBSS sites to begin by working with existing cost and revenue data to answer a few basic questions related to cost accounting. Then, as additional levels of investment are possible or warranted, sites could expand service data collection to enable more complete cost accounting coverage and some decision support analysis. Finally, the development of outcome measures and data collection would allow sites to address the full scope of project target goals and analyses.

As was previously noted when these analytical questions were introduced, the assignment of the individual questions to information pool data needs is a judgmental process. The use of the questions/data needs analysis in developing a phased approach to data development is intended to be illustrative. This is not a definitive listing of questions that CCBSS sites would want to answer, or would be capable of answering (some may have much more data readily available), in each of the suggested phases.

Phase 1: Analyses Using Only Revenues and/or Cost Data

Most sites have a good handle on revenues and costs, and thus could begin with these data (represented in clusters 1 and 2 in Figure 5). However, as noted above, some data redesign or reformatting may be required. For example, the analyses may require more detailed breakdowns in the general ledger chart of accounts to identify costs by service within programs or activities, or a more refined allocation of overhead expenses to program activities. These changes could require more staff time spent on accounting functions and transaction recording, but would provide an almost immediate payback in enhanced information available to management.

Using existing and perhaps enhanced revenue and cost data, sites should be able to answer the following types of questions related to cost accounting and analysis, internal cost controls, and external funding decisions:

- Where are the bulk of costs occurring?
- Where are expenditures relative to budgeted line items (without flexible budgeting)?
- What is the leverage ratio of investment?

Phase 2: Analyses using Revenues and/or Costs, and Services Data

Analyses including existing service data could also be performed, perhaps with minor enhancements to existing service data collection efforts. Sites that collect service information for fee-for-service billing could begin to conduct some of the service-related analyses. This phase would continue with an effort to more fully develop service activity information, the extent of which is determined by the site's priorities for additional analysis related to clusters 3-5 in Figure 4. Where service activity information exists on paper records (e.g., diaries, log sheets, etc.), but is not accessible for automated analysis, simple applications (built in Microsoft Access or another reasonably easy-to-use package) could serve to automate manual processes.

To the extent that expansion of service activity information collection and processing capacity is ongoing, the development of service activity information for use in a cost accounting/decision support system may in many cases result from systems development efforts in this area. For example, as sites develop systems to support operational objectives (e.g., "paperless" case files), or to satisfy new funder requirements (e.g., mandatory service contact reporting), additional data for cost accounting and decision support analysis will become available.

By enhancing service data collection, sites would be able to answer the following additional questions:

- Where are expenditures relative to budgeted line items (with flexible budgeting)?
- What are the marginal costs of expanding units of services?
- What are the costs for serving different mixes of population? Are costs affected by factors such as the geographic concentration of individuals by poverty and race?
- What are the life-cycle costs of serving a child or family?

- What are the implications for future budgeting of performance against internal management benchmarks?
- What percentage of total costs are spent on direct service?
- Do opportunities exist to draw down other federal/state/local funding streams?
- What expenditures can be billed to available funding streams?
- What does it cost to provide particular types of services?
- What are the costs associated with various models of case management? Of various models of collaboration?
- What economies of scale exist for delivering services?
- What are the cost curves over time? How long does it take to achieve desirable change?
- What is the approximate value of non-itemized investments being utilized by the initiative?

Phase 3: Analyses Incorporating Outcome Data

This phase involves the development of outcomes data and entails data development processes specified above. Such efforts would enable sites to answer the following additional questions:

- What are the relative costs of higher- or lower-quality services (where quality is linked to achievement of positive outcomes)?
- How are we performing against internal management benchmarks for performance?
- Are there areas where we can achieve savings?
- To what extent does pooling funds create more cost-effective service delivery?
- How can funds be blended more effectively or efficiently?
- What are the most and least cost-effective elements of service delivery?
- How are patterns of expenditure in community services changing?
- What shifts in patterns of expenditures are needed to help us better achieve our priorities?
- Can we reconfigure programs/services/resources to provide quality service for a reasonable cost?
- Should the provision of certain types of services be contracted out?
- How sustainable is this initiative?
- What are the total costs and associated savings of investments in prevention?

However, the establishment of accepted definitions of positive outcomes may require a broad-based political process. In some cases the definitions of positive outcomes are clear and are accepted by the community and site professionals (or simply are mandatory). These represent useful starting points for developing sources of outcome data. Other outcomes remain difficult to measure. For example, at one multi-agency collaborative the definition of a positive outcome clearly conflicted between two agencies (one agency counting as a positive outcome the jailing of a juvenile because it reduced the potential for violence in a

home, and another considering this outcome a failure of probation/redirection efforts). Another site found it very difficult to identify meaningful progress measures that could be tracked for a homeless/near-homeless population that has a wide range of economic, mental and physical health, substance abuse, and other issues. And at another site, the staff identifies the outcome objectives for its clients in a collaborative process, but has found that those objectives have been changing as staff has changed, making comparisons over time difficult.

Although developing measures for and collecting data on outcomes is the most organizationally and technically challenging phase of data development, some CCBSS sites may find it to be the most pressing area in the face of political challenges to sustaining comprehensive service delivery approaches. In these cases, the development of outcome data could proceed with only basic service data in hand. For example, a site might report on outcomes for enrolled participants without detailing the services provided.

SUMMARY AND CONCLUSIONS

Defining the organizational and technical requirements for a software system and understanding the environment in which it will be used are prerequisites for successful implementation. This Needs Analysis explores CCBSS sites' interest in and readiness to use a software tool designed to help them make more effective internal resource allocation decisions and demonstrate the cost-effectiveness of comprehensive approaches to providing services to children and families.

This report brings together field data from a sample of potential users with an analytic framework to assess three factors critical to implementing a cost accounting and decision support system in CCBSS: incentives for using such a system, data inputs, and information processing and staff capacity. It also suggests ways to build on existing strengths and priorities in the CCBSS environment to enhance the potential usefulness of a cost accounting/decision support software tool.

The CCBSS sites indicated general interest in the project's cost accounting/decision support goals and specific interest in areas that would improve their internal cost controls and productivity management. While not currently required by many funders to provide comprehensive, detailed outcome or service information, sites anticipate growing demand as managed care and results-based budgeting become more prevalent. The cost accounting/decision support system envisioned by this project would provide an infrastructure for meeting these various goals.

CCBSS information systems—including the data collected and reported, computer hardware and software, available technical staff capacity, and the systems for collecting and processing this data—are driven by the organization's incentives and available resources. Financial sustainability is the most powerful incentive among CCBSS for investing resources in information systems. These incentives and their impact on information systems play out differently in the two models of CCBSS analyzed in this report: community-based organizations and multi-agency collaboratives.

Data collection and information processing capacity in both CCBSS models are largely driven by external reporting requirements and financial management needs. Revenue and cost data are reasonably complete in both the community-based organizations and multi-agency collaboratives, but the data for the multi-agency collaboratives are more fragmented because they are maintained in each of the participating agencies. Across CCBSS, service data typically are collected only where they are required for billing purposes, and outcome data collection is even more limited. Information technology and staff capacity are generally sufficient for current billing and accounting purposes, but would likely require enhancement to be able to support the additional tasks associated with decision support analysis. Moreover, in multi-agency CCBSS, data systems and support staff are fragmented across agencies, and the collaborative site does not have direct control over these resources.

Current revenue and cost data, even though they may need to be strengthened and reformatted, represent potential building blocks for expanding cost accounting analysis. The current lack of service and outcome data represents a greater challenge for the project, particularly because these data sources are critical to achieving so many of the analyses potentially possible with CA/DS software. Successful implementation of a cost accounting/decision support software system in the CCBSS environment therefore will require building on the existing incentives and capacity in the field and making new investments in information technology, data development, and staff capacity.

APPENDIX A: SUMMARY DESCRIPTIONS OF SITES

Mutual Assistance Network

This site is a non-profit community service and development corporation, which has undertaken to address a wide range of economic and social issues in an area of moderate to severe urban poverty. The principal service area has about 11,000 residents, with an approximate breakdown of 43% African American, 30% white, 17% Asian, and 1% Native American (balance presumed to be Hispanic).

The site was established in 1993/4 and has an entrepreneurial approach to developing programs. The assumption is that the needs of the area residents are so great that almost any program for which funding would be available would be of assistance to the community. The result has been the development of a diversity of programs, and a current emphasis on the establishment of economic development and welfare-to-work related programs.

The site places an emphasis on roots in the community. Its staff is mostly drawn from the area and reflects its ethnic and racial composition. The members of the Board of Directors are also mostly residents.

The site has a staff of 62 employees and contract consultants and a budget of about $1.5 million. Although some funding streams are coming to an end, significant growth could occur in the economic development area. The site is participating in a $3.5 million welfare-to-work proposal which would provide $1/2 million in additional funding. The principal programs are:

- targeted youth graduation program (75 clients);
- support groups for parents (50 clients), grandparents (75 clients), and youth (112 clients);
- Asian community development support group;
- community gardens (85 families); and
- Foster Grandparent program (201 cases).

The site has 22 staff at its principal location. Staff involved in the youth graduation program and youth support groups operate at partnering agencies' space.

St. Joseph's Center

The site is a private non-profit corporation that serves the critical needs of the homeless and low-income persons in the west Los Angeles area (principally Venice and Santa Monica). In general, these are areas of reasonable affluence, but with a substratum of very-high-need individuals and families. In addition, the site has become involved with the Veterans Administration, providing representative payee services to a broader geographic area.

The site was established in 1976 and currently has 51 employees operating 12 distinct programs. The total budget is about $3 million (including $700,000 of in-kind donations).

Most of the programs are directed toward homeless and high-need adults (e.g., a homeless day center providing showers and mail-receipt services to attempt to engage the homeless in counseling activities), although services directed toward families are increasing through housing activities (e.g., case management for Section 8 clients under a recent contract with Santa Monica).

The site operates under a Board of Directors that includes representatives from the Catholic religious community and SJC staff, but is principally weighted toward those who could assist funding and development through direct support or networking.

The base location is a former Catholic elementary school that is rented. Of the other local program sites, four are rented and one is owned outright. The VA provides space at their facilities for the payee program directed at veterans.

The site receives about 38% of its funding from public sources, 12% are grants, 26% are the result of fund-raising activities, and 23% are in-kind donations (principally food for the food bank, homeless meal program, and the food service job training program, and items for the thrift store). Significant effort is expended on fund-raising and grant development. It is supported by 3 to 4 persons and the Razors Edge software package. It was noted that this package could run better than it currently does and would benefit from a ledger tie-in.

Of note are the in-kind donations and the effort to value them and record them into the financial statements. The effort supports three objectives: to provide tax deduction support for donors, to provide a portion of the matching funds required by certain programs, and to develop an understanding of full program cost. The site makes broad use of volunteers and would like to capture the full extent and estimate the value of donated time.

Children's Institute International

The site is a private, non-profit organization. Its mission is focused upon preserving, strengthening, and supporting families through prevention, assessment, and treatment of child abuse and neglect. The site emphasizes service delivery that addresses the needs of children from birth to early adolescence. It also emphasizes the strengthening of parent-child relationships and the importance of a continuum-of-care model for at-risk children.

The site is governed by a 30-member volunteer Board of Trustees comprised of business, community, and civic and philanthropic leaders. The Board provides policy direction and oversight to all activities of the organization. The site was founded in 1906, and has evolved from a shelter for single mothers and their babies to a provider of the following comprehensive set of services:

- comprehensive child and family assessment ;
- 24-hour emergency residential care for abused, neglected, or abandoned children;
- foster family care;
- therapeutic day care;
- family care counseling;
- child health services;
- domestic violence emergency response; and

- training for child abuse professionals.

These services are provided at a central facility in a core urban area and also at a newer, four-year-old facility.

Seneca Center for Children & Families

The site was founded in 1985 to provide exceptional residential treatment and non-public school services for severely emotionally disturbed (SED) children. The mission of the site is to provide a comprehensive and unconditional continuum of care for the most seriously disturbed children and youth. During the late 1980s, the site developed an inclusive, no-reject intake policy and a no-fail discharge policy.

Success with residential treatment led to a sub-acute residential treatment program that replaced a county's emergency shelter care facility.

The site evolved into providing a broader continuum of care, due to its recognition that enduring success for SED children is largely dependent upon discharge options available in the community. To answer this problem, state legislation was proposed to create a pilot intensive-treatment foster care program for children that otherwise would be placed in long-term institutional care. The state eventually passed legislation that authorized special AFDC-FC rates to allow the site to implement its Intensive Treatment Foster Care Program (ITFC).

In 1993, a family-focused wrap-around program to provide intensive support to birth families of SED children and adolescents was begun. The site has two main operating locations and over eight group homes/treatment sites.

El Dorado County

The site is a joint effort between county- and school-based personnel to promote and develop collaborative and early intervention services. The school district has taken a leadership role by providing staff and space. Two program threads were reviewed: a multi-service health center and an inter-agency case coordination network. Due to the relative scale of the health center in relation to the inter-agency network, we focused upon the former for analytic purposes.

The health center provides primary health care, family advocacy, and part-time co-located county social services. The center serves an isolated geographic area, which has had difficulty in maintaining a primary care physician. The center opened in 1995 and now houses approximately 7.5 (full-time equivalent) employees of a partnering hospital and 4 (full-time equivalent) employees of county social service agencies.

The inter-agency case coordination network provides a mechanism for coordinating the activities of various health and human service agencies operating in the county as regards specific cases of children and youths known to more than one agency. Over time, the structure and operating procedures of the network have evolved to become more effective and, as an outgrowth of this work, to address and make recommendations concerning the policies and plans of the participating agencies.

Fresno County

This site is within the context of an AB 1741 Demonstration County. The project is to create six school-linked neighborhood resource centers in four urban and two rural areas of high poverty. The centers are based on a Healthy Start model and then are intended to broaden into a wide variety of community development activities.

The basic model is a freestanding building on school grounds that contains office space for a program manager and administrator, meeting room(s) for group activities, and office or private space for counseling, examination, and personal meetings. In addition, adjacent school facilities are used as needed. The location manager and administrator then organize outreach and instructional programs, arrange for the staff of the involved service agencies to perform services at the site, and act as service advocates and referral coordinators.

Santa Barbara County

Santa Barbara County Alcohol, Drug, & Mental Health Services is currently implementing a Multiagency Integrated System of Care (MISC) in partnership with families, schools, Public Health, Child Protective Services, Probation, and private child- and family-serving agencies. The MISC is supported by a five-year grant from the Center for Mental Health Services, which is a principal operating component of the federal Substance Abuse Mental Health Services Administration and is currently in its fourth year. The MISC services children who have serious emotional or behavioral disturbance, and provides coordinated and intensive community-based services tailored to suit the strengths and needs of each family and its children.

Primary characteristics of the System of Care include a single family-focused comprehensive assessment, a single family-focused comprehensive service plan, and adherence to the tenet "No eject, No reject." The youths will remain MISC clients until they reach age 18 (or 21 under special circumstances), remove themselves voluntarily, or relocate out of the county. This approach is at considerable variance to the traditional definition of clients based on their categorical service needs, and closing the case when those needs are addressed or client-specific funding is exhausted.

The MISC program operates at three sites in the county collocated with staff from MISC public and private sector agencies, as well as housing the Family Resource Center and Family Mentors. In addition to the benefits of cross-agency partnership and collocation, improvements in child functioning appear to be largely attributable to the emphasis on strengthening the household.

MISC is funded through the federal grant, along with matched funding from public partners through redirected staff. Funding includes Title IV-E, County General Fund, and the State Realignment/General Fund. Because MISC is mental health-oriented, many of the services provided are billable on a fee-for-service basis (e.g., to MediCal). All grant-funded staff are employees of Alcohol, Drug, & Mental Health Services and have mental health treatment responsibilities.

Contra Costa County

The site is a county-based integrated service delivery collaborative structured as a team. Teams operate at locations in two high-need neighborhoods. One location is a former women's detention facility and the other is a rented commercial/warehousing space.

The teams are under the fiscal auspices of the county's Department of Social Services (DSS). Participating agencies locate staff at the team sites. Participating agencies include: DSS for income maintenance eligibility, child protective services (CPS), employment program (GAIN) workers, and Probation, Mental Health, and Healthy Start workers from the respective school districts.

Funding for the collaborative is principally from the ordinary operating budgets of the participating agencies. Some grants have been received. A three-year $604,000 employment readiness grant from a foundation began during 1997.

Funding the collaborative from the participating agencies' budgets creates ongoing difficulties. To allow time for enhanced service, including case management activities, the caseloads for the income maintenance, CPS, and probation workers assigned to the teams are cut in half. Absent additional funding, this means that caseloads for the workers remaining in the participating agencies have to be increased to compensate. Because of a lack of funding, Probation initially refused to participate in the collaborative until the County Administrator's Office agreed to pay the additional Probation costs.

This creates the potential for structural conflict with County financial personnel and the involved unions. In an effort to provide more case management resources without reducing caseloads, the site has applied for and won approval to waive certain paperwork requirements. Site management is also intending to pursue more grant money.

ABOUT THE FINANCE PROJECT

The Finance Project is a national initiative to improve the effectiveness, efficiency, and equity of public- and private- sector financing for education, other children's services, and community building and development. With leadership and support from a consortium of private foundations, The Finance Project was established in 1994 as an independent, non-profit organization. It undertakes an ambitious array of policy research and development activities, policymaker forums and public education activities, as well as support and technical assistance activities.

The work of The Finance Project is aimed at increasing knowledge and strengthening the capability of communities, states, the federal government, and non-governmental initiatives to implement promising strategies for generating necessary fiscal resources and improving the return on investments in children and their families. Its activities are intended to:

- Examine the ways in which governments at all levels, and the private sector, finance education and other supports and services for children (age 0-18) and their families;
- Identify and highlight structural and regulatory barriers that impede the effectiveness of programs, institutions, and services, as well as other public investments, aimed at promoting children's growth and development;
- Outline the characteristics of financing strategies and related structural and administrative arrangements that support improvements in education, other children's services, and community building and development;
- Identify promising approaches for implementing these financing strategies at the federal, state, and local levels and assess their costs, benefits, and feasibility;
- Highlight the necessary steps and cost requirements of converting to new financing strategies; and
- Strengthen intellectual, technical, and political capability to initiate major long-term reform and restructuring of financing systems, as well as interim steps to overcome inefficiencies and inequities within current systems.

The Finance Project extends the work of many other organizations and blue-ribbon groups that have presented bold agendas for improving supports and services for children and families. It is creating the vision for a more rational approach to generating and investing resources in education, other supports and services for children and families, and communities. It is developing ideas, options, and policy tools to actively foster positive change through broad-based systemic reform, as well as through more incremental steps to improve the effectiveness, efficiency, and equity of current systems. It also provides support

and technical assistance to "reform ready" states, communities, and initiatives engaged in efforts to align their financing systems with their policy and program reform agendas.

For more information about The Finance Project and its specific activities, please contact:

Cheryl D. Hayes
Executive Director
The Finance Project
1000 Vermont Avenue, NW
Suite 600
Washington, DC 20005
202/628-4200
202/628-4205 (Fax)
info@financeproject.org (E-mail)

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